

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 COME-00 AID-05 CIAE-00 FRB-03

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FM AMEMBASSY GEORGETOWN

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E.O. 11652: N/A

TAGS: EINV, ECON,ETRD, GY

SUBJECT: GOG PROPOSES TALKS WITH CATERPILLAR ON TAKEOVER OF CATER-
PILLAR DEALERSHIP

REF: GEORGETOWN 1362

1. BEGIN UNCLASSIFIED. EMBASSY HAS RECEIVED COPY CABLE SENT AUGUST 15 FROM GEORGE KING, MINISTER OF TRADE AND VICE-PRESIDENT GUYANA STATE TRADING CORP (GUYSTAC) TO CATERPILLAR IN PEORIA. KING SAYS SECOND ROUND OF TALKS WITH SPROSTONS, PRESENT HOLDERS CATERPILLAR DEALERSHIP, ON GOVT PURCHASE OF DEALERSHIP, PLANNED FOR LAST WEEK IN AUGUST. KING SAYS "ALL OUTSTANDING ORDERS AND NEW ORDERS TO BE PLACED WILL BE UNDER EXISTING CONDITIONS WHICH PREVAILED FOR NUMBER OF YEARS". ACCORDING TO KING, QUOTE GOVT NOW VERY DISTURBED AT REQUEST FROM SPROSTONS TO ESTABLISH LETTERS OF CREDIT TO COVER MACHINES NOW READY FOR SHIPMENT END QUOTE. AS A RESULT, KING SAYS CATERPILLAR REP MUST VISIT GUYANA ASAP TO CLARIFY SITUATION. KING ASSURES CATERPILLAR THAT QUOTE DEALERSHIP WILL BE HELD BY STATE-OWNED CORPORATION ESTABLISHED AND OPERATING ON COMMERCIAL PRINCIPLES AND METHODS AND WILL BE PREPARED TO DISCUSS AND ENTER INTO NEW AGREEMENT WITH TERMS AND CONDITIONS MUTUALLY ACCEPTABLE END QUOTE END UNCLASSIFIED.

2. KING TOLD ME, FOLLOWING UP ON EARLIER CONVERSATION WITH AM-
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BASSADOR, THAT CABINET WANTS TO STANDARDIZE ON CATERPILLAR FOR

ALL TRACKED VEHICLES IMPORTED INTO GUYANA AND ON MASSEY FERGUSON FOR ALL WHEELED TRACTORS. ADDED HE UNDERSTANDS FROM MASSEY FERGUSON THAT MOST SUCH WHEELED VEHICLES HENCEFORTH WILL BE U.S. MADE DUE COST ADVANTAGE. KING CLAIMED BURNHAM AND OTHERS IN CABINET QUESTIONING WISDOM SUCH CONCENTRATION ON U.S. MANUFACTURERS AND CITING WHAT THEY BELIEVE IS POLITICAL UNRELIABILITY OF U.S. SUPPLIERS SHOWN BY LETTER OF CREDIT REQUIREMENT WHICH THEY INTERPRET AS INSPIRED BY ALCAN OR MULTI-NATIONAL COMPANIES CONSPIRACY. TGI TRIED TO DISBUSE KING OF MULTINATIONAL CONSPIRACY NONSENSE, SAID WE HAD REPORTED HIS CONVERSATION WITH AMBASSADOR, AND ADDED SAUL (PARA 4 REFTEL) SHOULD BE ABLE TO QUICKLY CLARIFY MATTER AT PEORIA. KING SAID HE WAS NOT SURE HE WOULD SEND SAUL TO PEORIA AFTER ALL, SINCE HE DID NOT KNOW HOW HE WOULD BE RECEIVED AND HE DID NOT NOW BELIEVE HE WANTED TO GET GUYBAU DIRECTLY INVOLVED IN THE NEGOTIATIONS.

3. COMMENT: KING IS NOTED FOR SPEAKING OUT OF BOTH SIDES OF HIS MOUTH AND HAS PREVIOUSLY ENDORSED PURCHASE OF EAST GERMAN AND CHINESE EQUIPMENT. I, THEREFORE, TAKE HIS ASSERTIONS REGARDING STANDARDIZATION ON U.S. ORIGIN CATERPILLAR AND MASSEY FERGUSON EQUIPMENT WITH SOME RESERVATIONS, THOUGH PERHAPS THE GOG DOES INTEND TO SO STANDARDIZE, EXCEPT WHEN IT CAN ACQUIRE THE COMMUNIST-ORIGIN EQUIPMENT ON CONCESSIONARY TERMS. END COMMENT.

4. SUGGEST DEPARTMENT GENTLY URGE CATERPILLAR REPLY ASAP TO KING, EVENIF ONLY INTERIM REPLY. AT PRESENT, EMBASSY FEELS GUYSTAC WILLING TO NEGOTIATE REASONABLY WITH SPROSTONS AND CATERPILLAR. DELAY MAY ONLY AGGRAVATE SITUATION TO NO ONE'S BENEFIT. WE WOULD APPRECIATE KNOWING WHATEVER INFO CATERPILLAR VOLUNTEERS TO DEPT, AND WOULD LIKE TO PASS ENOUGH INFORMATION DIRECTLY TO KING TO DAMP DOWN GOG SUSPICIONS.
MATTHEWS

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